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7 UNITED STATES DISTRICT COURT
8 SOUTHERN DISTRICT OF CALIFORNIA
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10 MYGO, LLC, a California corporation,
11 Plaintiff,
12 v.
13 MISSION BEACH INDUSTRIES, LLC,
14 a California corporation,
15 Defendant.

Case No.: 3:16-cv-02350-GPC-RBB

**ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFF'S
MOTION TO DISMISS AND
MOTION TO STRIKE WITOHUT
PREJUDICE**

[ECF No. 10.]

16
17 Before the Court is Plaintiff and Counterdefendant MyGo, LLC's ("Plaintiff's" or
18 "MyGo's") motion to dismiss Defendant and Counterclaimant Mission Beach Industries,
19 LLC's ("Defendant's" or "MBI's") first through fifth counterclaims pursuant to Fed. R.
20 Civ. P. 12(b)(6) and motion to strike MBI's second, third, fourth, fifth, and eighth
21 affirmative defenses pursuant to Fed. R. Civ. P. 12(f). (Dkt. No. 10 at 1–2.¹) The motion
22 has been fully briefed. (Dkt. Nos. 19, 20.) The Court deems Plaintiff's motion suitable
23 for disposition without oral argument pursuant to Civil Local Rule 7.1(d)(1). Having
24 reviewed the moving papers and the applicable law, and for the reasons set forth below,
25 the Court **GRANTS IN PART and DENIES IN PART** MyGo's motion to dismiss and
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¹ All citations to the record are based upon pagination generated by the CM/ECF system.

1 **GRANTS IN PART and DENIES IN PART** MyGo’s motion to strike. (Dkt. No. 10.)

2 **BACKGROUND**

3 MyGo designs and sells the MyGo Mouth Mount, a camera mouth mount for
4 GoPro® cameras. (Dkt. No. 1, Compl. ¶ 8.) On March 4, 2015, MyGo filed United
5 States Patent Application No. 14/639,040. (*Id.* ¶ 9; Dkt. No. 1-3.) This patent
6 application claimed priority to United States Provisional Patent Application No.
7 61/948,308, which was filed on March 4, 2014. (*Id.*) On September 10, 2015, MyGo’s
8 patent application was published as United States Patent Application Publication No.
9 2015/025361 (“MyGo’s published patent application”). (*Id.*) On July 5, 2016, the
10 United States Patent and Trademark Office (“PTO”) issued United States Patent No.
11 9,383,630 (“‘630 Patent” or “patent-in-suit”), entitled “Camera Mouth Mount.” (Compl.
12 ¶ 9; Dkt. No. 1-2.) MyGo owns all rights to the ‘630 Patent pursuant to an assignment
13 recorded at the PTO on May 19, 2015. (Compl. ¶ 9.)

14 MyGo alleges that “MBI is and has been making, using, selling, offering for sale,
15 and importing a number of camera mouth mount products that infringe the ‘630 Patent,
16 including without limitation MBI’s Dummy Mount (in various colors), Dummy Mount
17 Kit, Dummy Bundle Kit (in various colors), and Dummy V2 Mouth Mount.” (*Id.* ¶ 10.)
18 MBI sells these products via MBI’s website, third-party websites, and various retailers
19 within the United States and worldwide. (*Id.*) Shortly after filing its patent application,
20 MyGo informed MBI of its patent application, MyGo’s potential patent rights, and MBI’s
21 potential infringement liability on May 14, 2014. (*Id.* ¶ 11.)

22 On April 28, 2015, MBI filed United States Patent Application No. 14/698,700
23 (“MBI’s patent application”) for a patent entitled “Video Mouthpiece Apparatus and
24 Method of Making Same.” (*Id.* ¶ 12.) MBI’s patent application claims priority to United
25 States Provisional Patent Application No. 61/985,461, which was filed on April 29, 2014.
26 (*Id.*)

27 MyGo alleges that MyGo’s published patent application is prior art to the subject
28 matter of MBI’s patent application under 35 U.S.C. § 102(a)(2). (*Id.* ¶ 13.) On January

1 20, 2016, MyGo’s PTO representative submitted a Third-Party Submission Under 37
2 C.F.R. § 1.290 in MBI’s patent application to request that the PTO consider MyGo’s
3 published patent application as prior art. (*Id.*) The PTO subsequently issued an Office
4 Action on February 3, 2016 rejecting all pending claims of MBI’s patent application as
5 being anticipated by prior art references. (*Id.*) The PTO issued a Notice of
6 Abandonment on August 2, 2016 regarding MBI’s failure to reply to the Office Action.
7 (*Id.*)

8 Based on publicly accessible information on the PTO’s online Patent Application
9 Information Retrieval system, MyGo alleges on information and belief that MBI has no
10 patents pending. (*Id.* ¶ 14.) MyGo alleges that MBI nonetheless advertises on its website
11 that it has patents pending in connection with the allegedly infringing products. (*Id.* ¶ 15;
12 Dkt. No. 1-5.)

13 On September 16, 2016, MyGo filed a Complaint against MBI asserting five
14 claims for relief: (1) patent infringement under 35 U.S.C. §§ 154 and 271; (2) federal
15 false marking under 35 U.S.C. § 292; (3) false advertising under 28 U.S.C. § 1125(a); (4)
16 unfair competition under California common law; and (5) unfair competition under the
17 California Unfair Competition Law (“UCL”), Cal. Bus. & Prof. Code § 17200 *et seq.*
18 (Dkt. No. 1.)

19 On October 17, 2016, MBI filed an Answer with five counterclaims and eight
20 affirmative defenses. (Dkt. No. 7.) MBI asserts the following counterclaims: (1)
21 declaratory judgment of non-infringement; (2) declaratory judgment of invalidity of the
22 ‘630 Patent; (3) invalidity based on fraud on the PTO and inequitable conduct; (4) unfair
23 competition under California common law; and (5) unfair competition under the UCL.
24 (*Id.*) MBI asserts the following affirmative defenses to MyGo’s Complaint: (1) failure to
25 state a claim under Fed. R. Civ. P. 12(b)(6); (2) non-infringement; (3) invalidity for
26 failure to comply with 35 U.S.C. §§ 101, 102, 103, and/or 112; (4) inequitable conduct
27 and fraud on the PTO; (5) unclean hands; (6) adequate remedy at law; (7) prosecution
28 history estoppel; and (8) patent misuse. (*Id.*)

1 MyGo filed the instant motion to dismiss and motion to strike on November 3,
2 2016. (Dkt. No. 10.)

3 LEGAL STANDARDS

4 A. Rule 12(b)(6)

5 A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) tests the
6 sufficiency of a complaint. *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). While a
7 plaintiff need not give “detailed factual allegations,” a plaintiff must plead sufficient facts
8 that, if true, “raise a right to relief above the speculative level.” *Bell Atlantic Corp. v.*
9 *Twombly*, 550 U.S. 544, 545 (2007). “To survive a motion to dismiss, a complaint must
10 contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is
11 plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Twombly*,
12 550 U.S. at 547). A claim is facially plausible when the factual allegations permit “the
13 court to draw the reasonable inference that the defendant is liable for the misconduct
14 alleged.” *Id.* In other words, “the non-conclusory ‘factual content,’ and reasonable
15 inferences from that content, must be plausibly suggestive of a claim entitling the
16 plaintiff to relief.” *Moss v. U.S. Secret Service*, 572 F.3d 962, 969 (9th Cir. 2009).
17 “Determining whether a complaint states a plausible claim for relief will . . . be a context-
18 specific task that requires the reviewing court to draw on its judicial experience and
19 common sense.” *Iqbal*, 556 U.S. at 679.

20 In reviewing a motion to dismiss under Rule 12(b)(6), the court must assume the
21 truth of all factual allegations and must construe all inferences from them in the light
22 most favorable to the nonmoving party. *Thompson v. Davis*, 295 F.3d 890, 895 (9th Cir.
23 2002); *Cahill v. Liberty Mut. Ins. Co.*, 80 F.3d 336, 337–38 (9th Cir. 1996). Legal
24 conclusions, however, need not be taken as true merely because they are cast in the form
25 of factual allegations. *Ileto v. Glock, Inc.*, 349 F.3d 1191, 1200 (9th Cir. 2003); *W.*
26 *Mining Council v. Watt*, 643 F.2d 618, 624 (9th Cir. 1981). When ruling on a motion to
27 dismiss, the court may consider the facts alleged in the complaint, documents attached to
28 the complaint, documents relied upon but not attached to the complaint when authenticity

1 is not contested, and matters of which the court takes judicial notice. *Lee v. Los Angeles*,
2 250 F.3d 668, 688–89 (9th Cir. 2001).

3 Where a motion to dismiss is granted, “leave to amend should be granted ‘unless
4 the court determines that the allegation of other facts consistent with the challenged
5 pleading could not possibly cure the deficiency.’” *DeSoto v. Yellow Freight Sys., Inc.*,
6 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schreiber Distrib. Co. v. Serv-Well Furniture*
7 *Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986)).

8 **B. Rule 12(f)**

9 Under Federal Rule of Civil Procedure 12(f), the Court may, by motion or on its
10 own initiative, strike “an insufficient defense or any redundant, immaterial, impertinent
11 or scandalous” matter from the pleadings. Fed. R. Civ. P. 12(f). The purpose of Rule
12 12(f) is “to avoid the expenditure of time and money that must arise from litigating
13 spurious issues by disposing of those issues prior to trial.” *Whittlestone, Inc. v. Handi-*
14 *Craft Co.*, 618 F.3d 970, 973 (9th Cir. 2010) (quoting *Fantasy, Inc. v. Fogerty*, 984 F.2d
15 1524, 1527 (9th Cir. 1993), *rev’d on other grounds by Fogerty v. Fantasy, Inc.*, 510 U.S.
16 517 (1994)).

17 The Court must view the pleading in the light more favorable to the pleader when
18 ruling on a motion to strike. *In re 2TheMart.com, Inc. Sec. Litig.*, 114 F. Supp. 2d 955,
19 965 (C.D. Cal. 2000) (citing *California v. United States*, 512 F. Supp. 36, 39 (N.D. Cal.
20 1981)). Motions to strike are regarded with disfavor because striking is such a drastic
21 remedy. *Freeman v. ABC Legal Servs., Inc.*, 877 F. Supp. 2d 919, 923 (N.D. Cal. 2012).
22 If a claim is stricken, leave to amend should be freely given when doing so would not
23 cause prejudice to the opposing party. *Vogel v. Huntington Oaks Delaware Partners,*
24 *LLC*, 291 F.R.D. 438, 440 (C.D. Cal. 2013) (citing *Wyshak v. City Nat’l Bank*, 607 F.2d
25 824, 826 (9th Cir. 1979)).

26 **DISCUSSION**

27 **I. Motion to Dismiss Counterclaims**

28 MyGo moves to dismiss MBI’s first through fifth counterclaims pursuant to Rule

1 12(b)(6). (Dkt. No. 10.)

2 **A. MBI's First Counterclaim**

3 MBI agrees to dismiss its first counterclaim. (Dkt. No. 19 at 9.) Accordingly, the
4 Court **DENIES AS MOOT** MyGo's motion to dismiss MBI's first counterclaim.

5 **B. MBI's Second Counterclaim**

6 MBI's second counterclaim alleges that the '630 Patent is invalid for failure to
7 comply with the conditions and requirements for patentability under 35 U.S.C. §§ 101,
8 102(a)–(b), 103, and/or 112. (Dkt. No. 7 at 14–16.) MBI identifies two bases for
9 invalidity: prior art and obviousness. (*Id.*) MBI first alleges that MyGo's patent is
10 invalid under 35 U.S.C. § 102(a)–(b) for failure to disclose relevant prior art references
11 during the examination period. (*Id.* at 15.) Specifically, MBI alleges that its “own
12 Dummy Mount product was used in daylight, on a public beach, in 2013 and disclosed to
13 the public and the surf community then and also at least as early as January 2014,” prior
14 to MyGo's provisional filing date. (*Id.*) MBI next alleges that the '630 Patent is invalid
15 under 35 U.S.C. § 103, as the “public use and public disclosure” of MBI's product
16 “would render obvious any so-called improvements of [MyGo's] disclosure.” (*Id.*)

17 MyGo contends that MBI's second counterclaim fails for a number of reasons.
18 First, MyGo argues that MBI fails to explain how the '630 Patent is invalid under 35
19 U.S.C. §§ 101 and 112. (Dkt. No. 10-1 at 5.)

20 Next, with respect to 35 U.S.C. § 102, MyGo contends that MBI's allegations do
21 not spell out a plausible claim of invalidity. (*Id.* at 5–6.) Specifically, MyGo contends
22 that MBI's allegation of public use is conclusory and lacks specific facts regarding the
23 degree of accessibility afforded to the public. (*Id.*) Moreover, MyGo states that MBI
24 never informed the PTO of its alleged pre-filing, public use of its Dummy Mount
25 product, violating its duty of candor to disclose all known information material to
26 patentability to the PTO. (*Id.* at 6.) MyGo concludes that MBI's failure to disclose its
27 alleged public use is fatal to MBI's own patent application and renders MBI's allegations
28 of prior art “highly suspect, unbelievable, and entitled to no weight.” (*Id.*)

1 With respect to 35 U.S.C. § 103, MyGo contends that MBI has not pled sufficient
2 facts about the product that it allegedly used publicly. (*Id.*) For example, MBI does not
3 specify whether the Dummy Mount product “fully or only partially encompass[es] any
4 claim of the ‘630 patent,” and MBI “identifies no claim of the ‘630 patent that is
5 supposedly anticipated or rendered obvious by MBI’s purported public use of its Dummy
6 Mount.” (*Id.*) Nor does MBI identify which version of the Dummy Mount was publicly
7 used. (*Id.*)

8 MBI responds that its allegations of public use and disclosure are not conclusory,
9 but rather prove fatal to MyGo’s Patent. (Dkt. No. 19 at 9–11.) MBI argues that MyGo’s
10 contention that MBI violated its duty of candor is baseless. (*Id.*)

11 MBI’s second counterclaim, while skeletal, states a claim for invalidity at the
12 pleading stage. First, MBI alleges some facts that raise reasonable inferences plausibly
13 suggestive of a claim. MBI does not conclusorily allege an invalidating public use,
14 without more: it alleges that its Dummy Mount product was used “in daylight, on a public
15 beach” and made known to members of “the public and the surf community.” (Dkt. No.
16 7 at 15.) Second, the Court’s scheduling order (Dkt. No. 18) and Patent L.R. 3.3–3.4
17 require that invalidity contentions be served by February 1, 2017. “By requiring the party
18 claiming invalidity to flesh out and support its invalidity contentions early on, the Patent
19 Local Rules fulfill the function of *Twombly* and *Iqbal*.” *Wistron Corp. v. Phillip M.*
20 *Adams & Assocs., LLC*, No. C-10-4458 EMC, 2011 WL 1654466, at *11 (N.D. Cal. Apr.
21 28, 2011) (noting that “requiring a heightened pleading of invalidity would circumvent
22 this Court’s Patent Local Rules which require detailed disclosures as to invalidity
23 contentions soon after the suit is filed”); accord *Elan Pharma Int’l Ltd. v. Lupin Ltd.*, No.
24 CIV. A. 09-1008 JAG, 2010 WL 1372316, at *5 (D.N.J. Mar. 31, 2010). Considering the
25 specific rules governing patent cases in this District, and construing MBI’s factual
26 allegations in the light most favorable to MBI, the Court concludes that MBI’s second
27 counterclaim survives the instant motion to dismiss.

1 Finally, although MBI does not explicitly allege that its public use occurred within
2 the one-year statutory bar under 35 U.S.C. § 102(b)(1), MBI does allege that the public
3 use occurred “in 2013,” and that public disclosure occurred “then and also at least as
4 early as January 2014.” (Dkt. No. 7 at 15.) MBI’s Provisional Patent Application was
5 filed on April 29, 2014. (Compl. ¶ 12; Dkt. No. 19 at 10.) Construing these allegations
6 in the light most favorable to MBI, MBI has sufficiently stated at the pleading stage that
7 its public use of the Dummy Mount product occurred within the one-year statutory bar.

8 Accordingly, the Court **DENIES** MyGo’s motion to dismiss MBI’s second
9 counterclaim.

10 **C. MBI’s Third Counterclaim**

11 MBI alleges in its third counterclaim that “[t]he ‘630 Patent is unenforceable and
12 void due to unclean hands, fraud, and inequitable conduct that occurred during the
13 application for and prosecution of the Patent.” (Dkt. No. 7 at 16.) As for fraud, MBI
14 alleges that MyGo intentionally “misrepresented its status as a micro-entity” to the PTO
15 in order “to obtain discounted fees to which it was not entitled” in violation of 37 C.F.R.
16 § 1.29(j). (*Id.* at 16–17.) MBI alleges that MyGo does not qualify for micro entity status
17 under the gross income requirements enumerated in 37 C.F.R. § 1.29. (*Id.* at 19.) With
18 respect to inequitable conduct, MBI alleges that MyGo failed to disclose relevant prior art
19 references to the PTO in violation of 37 C.F.R. § 1.56. (*Id.* at 18–20.)

20 MyGo argues that MBI’s third counterclaim, which is based on MyGo’s alleged
21 fraud before the PTO, fails to meet the more stringent pleading standard of Fed. R. Civ.
22 P. 9(b). (Dkt. No. 10-1 at 8–9.) MyGo contends that MBI cannot plead allegations of
23 MyGo’s purported fraud on information and belief, absent a statement of facts upon
24 which the belief is founded and the reasons for the belief. (*Id.*; Dkt. No. 20 at 3–4.)
25 MyGo attaches two declarations from the ‘630 Patent’s inventors, Nicholas Brooks and
26 Jeffrey Russell, to counter MBI’s allegations and certify that MyGo satisfied the
27 requirements for micro entity status. (Dkt. No. 10-1 at 8–9; Dkt. Nos. 10-2, 10-3.)

28 In response, MBI argues that it has sufficiently pled the “who, what, when, where,

1 and how of the alleged fraud,” and that pleading on information and belief suffices where
2 MyGo’s and the inventors’ financial information lies uniquely within MyGo’s control.
3 (Dkt. No. 19 at 12.) Although it did not so plead in its counterclaim, MBI conjectures
4 that MyGo must not qualify for micro entity status due to its sponsorship of renowned
5 professional surfers, who likely are receiving large sums in compensation. (*Id.* at 14–15.)
6 As for inequitable conduct, MBI responds that (1) it pled that MyGo failed to disclose
7 various prior art references that would have precluded issuance of the patent; (2) it “is
8 able to provide the identities of the prior art in an amended counterclaim, if necessary,
9 but is going to have to disclose detailed invalidity contentions under local rules and the
10 Court’s scheduling order anyway”; and (3) it pled that MyGo “la[id] claim to inventions
11 that belonged to others (like MBI), fil[ed] a patent on the subject matter, then us[ed] the
12 patent to sue the actual inventor and tr[ie]d to extract royalties on unpatented products.”
13 (*Id.* at 15.)

14 As an initial matter, MyGo does not request judicial notice of the Brooks and
15 Russell declarations. Nor has it provided any legal basis for the Court to do so. A court
16 cannot consider matters outside of the complaint on a Rule 12(b)(6) motion to dismiss,
17 unless those matters are: 1) authenticated documents that have been incorporated by the
18 complaint or 2) facts subject to judicial notice. *Lee v. City of Los Angeles*, 250 F.3d 668,
19 689–90 (9th Cir. 2001). The declarations are not authenticated documents that have been
20 incorporated by the complaint. *See U.S. v. Ritchie*, 342 F.3d 903, 908 (9th Cir. 2003).
21 Nor do they contain facts that are “not subject to reasonable dispute.” Fed. R. Evid.
22 201(b). In fact, MyGo submits the declarations to dispute MBI’s allegations. The Court
23 thus declines to take judicial notice of the content of the declarations. *See In re Applied*
24 *Micro Circuits Corp. Sec. Litig.*, No. 01-CV-0649 K AJB, 2002 WL 34716875, at *3
25 (S.D. Cal. Oct. 4, 2002) (“If the Court were to consider this extrinsic evidence, it would
26 in fact convert this motion to dismiss into a motion for summary judgment, and the Court
27 is not willing to do so.”).

28 To comply with Fed. R. Civ. P. 9(b), allegations of fraud must be “specific enough

1 to give defendants notice of the particular misconduct which is alleged to constitute the
2 fraud charged so that they can defend against the charge and not just deny that they have
3 done anything wrong.” *Bly-Magee v. California*, 236 F.3d 1014, 1019 (9th Cir. 2001)
4 (quoting *Neubronner v. Milken*, 6 F.3d 666, 672 (9th Cir.1993)).

5 [T]o plead the ‘circumstances’ of inequitable conduct with the requisite
6 ‘particularity’ under Rule 9(b), the pleading must identify the specific who, what,
7 when, where, and how of the material misrepresentation or omission committed
8 before the PTO. Moreover, although “knowledge” and “intent” may be averred
9 generally, a pleading of inequitable conduct under Rule 9(b) must include
10 sufficient allegations of underlying facts from which a court may reasonably infer
11 that a specific individual (1) knew of the withheld material information or of the
12 falsity of the material misrepresentation, and (2) withheld or misrepresented this
13 information with a specific intent to deceive the PTO.

14 *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1328–29 (Fed. Cir. 2009).

15 While MBI does allege the basic “who, what, when where, and how” of MyGo’s
16 purported material misrepresentation and omission before the PTO, MBI includes no
17 allegations of underlying facts from which this Court may reasonably infer that specific
18 individuals affiliated with MyGo had the requisite knowledge and specific intent to
19 deceive the PTO. *See id.* MBI’s factual allegations suggest nothing about MyGo’s
20 knowledge and intent: MBI merely lists the actions that inventors Jeffrey Russell and
21 Nicholas Brooks and their attorneys took in certifying MyGo’s qualification for micro
22 entity status before the PTO. (Dkt. No. 7 at 16–20.)

23 Furthermore, while MBI is correct in arguing that “[p]leading on ‘information and
24 belief’ is permitted under Rule 9(b) when essential information lies uniquely within
25 another party’s control,” MBI fails to address the requirement that “the pleading set[]
26 forth the specific facts upon which the belief is reasonably based.” *Exergen Corp.*, 575
27 F.3d at 1330–31 (concluding that an allegation of deceptive intent that “provide[d]
28 neither the ‘information’ on which it relies nor any plausible reasons for its ‘belief’”
failed to satisfy Rule 9(b)). MBI provides neither the information on which it relies nor
any plausible reasons for its belief. It simply asserts conclusorily that it believes that

1 MyGo intentionally deceived the PTO. (Dkt. No. 7 at 17, 19.)

2 Finally, MBI's assertions regarding MyGo's sponsorship of professional athletes
3 are extrinsic to its pleadings. (*Compare* Dkt. No. 19 at 14–15 *with* Dkt. No. 7 at 16–20.)
4 Should MBI wish to assert new factual allegations, it should do so in an amended
5 pleading.

6 Accordingly, the Court **GRANTS** MyGo's motion to dismiss MBI's third
7 counterclaim.

8 **D. MBI's Fourth and Fifth Counterclaims**

9 MBI asserts common law and statutory unfair competition claims. (Dkt. No. 7 at
10 20–22.) Both claims are based on MBI's allegations of MyGo's "inequitable and
11 fraudulent conduct before the PTO." (*Id.*) MyGo argues that MBI's fourth and fifth
12 counterclaims fail for the same reasons that MBI's third counterclaim fails, as the fourth
13 and fifth counterclaims are based on the same fraud allegations set forth in MBI's third
14 counterclaim. (Dkt. No. 10-1 at 9.) Because MBI's fourth and fifth counterclaims flow
15 from its third counterclaim, the Court **GRANTS** MyGo's motion to dismiss MBI's fourth
16 and fifth counterclaims.

17 **II. Motion to Strike Affirmative Defenses**

18 MBI moves to strike MBI's second, third, fourth, fifth, and eighth affirmative
19 defenses under Rule 12(f). (Dkt. No. 10.)

20 In the Ninth Circuit, "[t]he key to determining the sufficiency of pleading an
21 affirmative defense is whether it gives plaintiff fair notice of the defense." *Simmons v.*
22 *Navajo County, Ariz.*, 609 F.3d 1011, 1023 (9th Cir. 2010) (quoting *Wyshak v. City Nat'l*
23 *Bank*, 607 F.2d 824, 827 (9th Cir. 1979)). "Fair notice generally requires that the
24 defendant state the nature and grounds for the affirmative defense." *Roe v. City of San*
25 *Diego*, 289 F.R.D. 604, 608 (S.D. Cal. 2013). "It does not, however, require a detailed
26 statement of facts." *Id.* "What constitutes fair notice . . . depends on the nature of the
27 defense being asserted. For well-established defenses, merely naming them may be
28 sufficient, but for others, a party may need to allege additional factual matter to provide

1 fair notice.” *DC Labs Inc. v. Celebrity Signatures Int’l, Inc.*, No. 12-CV-01454 BEN
2 DHB, 2013 WL 4026366, at *4 (S.D. Cal. Aug. 6, 2013).

3 District courts within the Ninth Circuit are split on whether the pleading standard
4 subsequently articulated in *Twombly* and *Iqbal* extends to affirmative defenses. *See J & J*
5 *Sports Productions, Inc. v. Scace*, No. 10cv2496-WQH-CAB, 2011 WL 2132723, at *1
6 (S.D. Cal. May 27, 2011). Here, the parties disagree over which pleading standard
7 applies to affirmative defenses. MyGo argues that the *Twombly* and *Iqbal* pleading
8 standard applies, (Dkt. No. 10-1 at 9–10; Dkt. No. 20 at 5), while MBI responds that the
9 fair notice pleading standard applies, (Dkt. No. 19 at 8). Although the Ninth Circuit has
10 not yet explicitly addressed the issue, it has continued to articulate the fair notice
11 pleading standard in cases decided after *Twombly* and *Iqbal*. *See, e.g., Simmons*, 609
12 F.3d at 1023 (2010 decision); *Kohler v. Flava Enterprises, Inc.*, 779 F.3d 1016, 1019 (9th
13 Cir. 2015) (stating that “the fair notice required by the pleading standards only requires
14 describing the defense in general terms” (internal citation and quotation marks omitted)).
15 In light of the Ninth Circuit’s recent decisions, this Court applies the fair notice pleading
16 standard to the instant motion to strike.

17 **A. MBI’s Second Affirmative Defense**

18 MBI asserts that it “has not infringed any valid and enforceable claim(s)” of the
19 ‘630 Patent. (Dkt. No. 7 at 9.) MyGo contends that this defense is merely a legal
20 conclusion. (Dkt. No. 10-1 at 10.) However, given that the pleading standard for
21 affirmative defenses is “fair notice,” and that MyGo is well aware that infringement is at
22 the heart of this case, MBI’s second affirmative defense, while sparse in detail, provides
23 MyGo sufficient notice. Accordingly, the Court **DENIES** MyGo’s motion to strike
24 MBI’s second affirmative defense.

25 **B. MBI’s Third Affirmative Defense**

26 MBI asserts that “[t]he claims of the ‘630 Patent are invalid for failure to comply
27 with the conditions for patentability of, *inter alia*, 35 U.S.C. §§ 101, 102, 103, and/or
28 112.” (Dkt. No. 7 at 9.) This defense overlaps with MBI’s second counterclaim. (*Id.* at

1 14–16.) MyGo requests that this defense be stricken because it is a legal conclusion.
2 (Dkt. No. 10-1 at 10.) MBI responds that it provides sufficient notice of the statutory
3 provisions on which it relies to assert its defense. (Dkt. No. 19 at 17.) Here, MBI’s
4 defense, while skeletal, provides fair notice in the context of this patent infringement
5 action. *See, e.g., Certusview Techs., LLC v. Usic, LLC*, No. 2:14CV373, 2014 WL
6 12591937, at *15 (E.D. Va. Dec. 15, 2014) (denying motion to strike identical
7 affirmative defense, concluding defense was “contextually comprehensible”); *Senju*
8 *Pharm. Co., Ltd. v. Apotex, Inc.*, 921 F. Supp. 2d 297, 300, 303–04 (D. Del.
9 2013) (denying motion to strike identical affirmative defense). Accordingly, the Court
10 **DENIES** MyGo’s motion to strike MBI’s third affirmative defense.

11 **C. MBI’s Fourth Affirmative Defense**

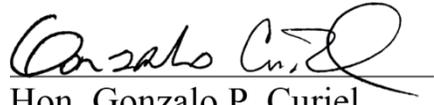
12 MBI asserts that MyGo’s claims are “barred by reason of inequitable conduct and
13 fraud” on the PTO. (Dkt. No. 7 at 10–11.) MBI’s allegations regarding this defense
14 overlap with its allegations in its third counterclaim. (*Id.* at 16–20.) MyGo contends that
15 this defense fails for the same reasons that MBI’s third counterclaim fails. (Dkt. No. 10-1
16 at 10.)

17 Here, MBI’s fourth affirmative defense sets forth allegations, made on information
18 and belief, that MyGo misrepresented its status as a micro entity to the PTO. (Dkt. No. 7
19 at 10–11.) It also sets forth allegations that MyGo failed to disclose “various, relevant
20 prior arts, patent and otherwise.” (*Id.*) MBI’s allegations regarding MyGo’s micro entity
21 status, while unable to pass muster under Rules 12(b)(6) and 9(b), nonetheless give
22 MyGo fair notice of the grounds for MBI’s defense. Accordingly, the Court **DENIES**
23 MyGo’s motion to strike MBI’s fourth affirmative defense.

24 **D. MBI’s Fifth Affirmative Defense**

25 MBI asserts that MyGo’s claims are barred by unclean hands. (Dkt. No. 7 at 11.)
26 MBI incorporates by reference its allegations from its fourth affirmative defense. (*Id.*)
27 Because MBI’s allegations in its fourth affirmative defense provide fair notice, the Court
28 **DENIES** MyGo’s motion to strike MBI’s fifth affirmative defense.

1 Dated: January 11, 2017


2 Hon. Gonzalo P. Curiel
3 United States District Judge
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